July 2, 2008

**What Medicare Claims Processing Contractors Need to Know
About the Medicare Secondary Payer (MSP) Mandatory Reporting Provisions in
Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007
(See 42 U.S.C. 1395y(b)(7)&(b)(8))**

Background

Under a recent amendment to the MSP statute, certain insurance arrangements that are
primary payers to Medicare are required to report to the Secretary of the Department of
Health and Human Services all information the Secretary specifies is necessary to ensure
proper coordination of benefits with the Medicare program. For liability insurance
(including self-insurance), no-fault insurance, and workers' compensation, this includes
identifying and reporting to the Secretary all Medicare beneficiaries who have received a
settlement, judgment, award, or other payment, in the form and manner (including
frequency) specified by the Secretary. The effective dates are January 1, 2009, for group
health plan arrangements and July 1, 2009, for liability insurance (including self-
insurance), no-fault insurance, and workers' compensation.

Implementation Strategy

The Centers for Medicare & Medicaid Services (CMS) is utilizing many of its current
systems to accept this reported information and update the CMS' Common Working
File's (CWF) MSP information. For example, entities currently involved in Voluntary
Data Sharing Agreements with CMS and required to report under the new law will
convert to the mandatory process.

The CMS has published a Federal Register Notice summarizing proposed information
collection under the new law and has established a website
(www.cms.hhs.gov/MandatoryInsRep) which will contain all official implementation
instructions and information. Additionally, CMS is engaged in an Outreach campaign to
inform affected individuals and entities of the new law.

Effect on Medicare Claims Processing Contractors

The new law does not affect Medicare claims processing. Prepayment tables on the CWF
will still contain flags for MSP, and any conditional payments and post payment
recoveries will proceed as they are today.